

MASSACHUSETTS
Public Employee Retirement Administration Commission
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M E M O R A N D U M

TO: Retirement Boards

FROM: Joseph E. Connarton, Executive Director

RE: Veteran's Benefits Pursuant to G.L. c. 32, § 5(2)(b), § 10(2)(a), § 26(3)(c), § 28M and § 28N

DATE: September 20, 2001

At the Commission meeting on September 19, 2001 the Commission reviewed the interpretation of the calculation method for veterans receiving the additional allowance provided for in the above-referenced sections. These sections provide for an additional yearly retirement allowance payable to veterans in the amount of \$15 for each year of creditable service or fraction thereof, up to a maximum yearly amount of \$300. The Commission determined that this allowance should be payable in full no matter what option the retiree selects at retirement.

As a result of this interpretation of the statute, Retirement Boards must review records of all retired members currently receiving an allowance that was calculated pursuant to G.L. c. 32, §5, § 10, § 26, § 28M and § 28N. If the additional allowance payable to veterans was reduced because the member selected Option C at retirement, the allowance should be recalculated in the manner described above, beginning on the member's retirement date. Option D beneficiaries of veterans are also entitled to the recalculation because the Option D benefit is calculated as an Option C benefit. Retirement Boards should bring this matter to the attention of the cities and towns paying non-contributory retirement allowances pursuant to the provisions of G.L. c. 32, § 58B.

If the member selected Option A or Option B at retirement, recalculation is not necessary. If the member selected Option C at retirement or if a veteran's beneficiary is receiving an Option D allowance, the allowance is to be recalculated and the member or beneficiary is entitled to the amount by which his or her allowance was reduced because of the Option selected.

MEMORANDUM - Page Two

TO: Retirement Boards
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If a member selects Option C at retirement, at his or her death the Option C beneficiary will receive two thirds of the total allowance that the member was receiving at the time of his or her death. The allowances of beneficiaries who are currently receiving an Option C benefit must be reviewed and recalculated because the member's allowance was reduced as the result of the prior interpretation and therefore the Option C benefit was reduced. Retirement Boards must calculate the amount to which the retiree would have been entitled had his or her allowance not been reduced because of the option selected. The Option C or D beneficiary would be entitled to two thirds of this amount. The benefit is to be recalculated beginning on the date that the beneficiary began to receive the allowance, and any amounts owed to such beneficiaries must be paid as soon as reasonably possible.

In summary, first determine if the retiree is a veteran, then determine if the retiree selected Option C. If these criteria are met then the member's benefit is to be recalculated. Similarly, in the case of a beneficiary receiving an allowance, first, determine if the deceased retiree was a veteran, then determine if the beneficiary is receiving an Option C or D allowance. If these criteria are met, the beneficiary's allowance is to be recalculated.

Retirement Boards are not allowed to grant interest on payments made to retirees or beneficiaries as a result of the recalculations described in this memorandum.

The attached worksheets will assist in making the necessary calculations. If you have questions or need assistance with regard to any recalculations, please contact PERAC's Actuarial Unit.

Thank you for your cooperation in this regard.